that Petitioner has conspired with Fanner to violate the injunction of the Cleveland Court by reason of Petitioner's active maintenance of this litigation through the collusion of Fanner, and by reason of Petitioner's sale of "Straight-Bight Fanngrips." Accordingly, the Supplemental Motion to Punish for Contempt asks that Petitioner also be required to show cause why it is not in contempt of the Cleveland injunction [R. 198-200].*

REASONS FOR DENYING WRIT.

Despite Petitioner's multiple "reasons" for review, the District Court's discretionary ruling is the one issue involved in this case. This extremely narrow question raises no important question of federal law requiring decision by this Court.

The writ of certiorari should be denied because:

1. *The ruling below was based upon a sound exercise of judicial discretion.* The Court of Appeals correctly held that the District Court properly exercised its discretion under the Declaratory Judgments Act in dismissing without prejudice Petitioner's counterclaim because of the scope of the issues presented in Cleveland. Acceptance of jurisdiction under the Declaratory Judgments Act is discretionary. *Public Affairs Associates, Inc. v. Rickover*, 369 U.S. 111 (1962); *Brillhart v. Excess Ins. Co.*, 316 U.S. 491 (1942). The Cleveland case was a compelling reason for dismissal of Petitioner's counterclaim. That case was not only the prior action, but also the only action which could completely settle the controversy as to Fanner-made

* The preceding three paragraphs were adopted as an accurate description of the Cleveland proceedings by Petitioner in its brief before the Court of Appeals, p. 31.

products. Furthermore, the decision of the District Court must be allowed that "ample degree of discretion, appropriate for disciplined and experienced judges." *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 183-84 (1952).

2. *There is no conflict of decision.* There is no conflict between the judgments below and the decisions by this Court and the Second Circuit Court of Appeals in *Meccano, Ltd. v. John Wanamaker*, 250 Fed. 250 (2d Cir. 1918), *aff'd*, 253 U.S. 136 (1920). The patent owner in *Meccano* was properly denied a "final judgment on the merits" against a customer of the infringing manufacturer based solely on the decree of another court against that manufacturer. In the case at bar, Respondent sought and obtained no such affirmative relief. Rather, it simply obtained dismissal *without prejudice* of Petitioner's counterclaim.

3. *This case raises no "issues of great moment to the public."* Since the sole question in this case involves dismissal without prejudice of Petitioner's counterclaim, there is no basis to invoke this Court's authority to review a finding of patent validity which raises "issues of great moment to the public," even though there is no conflict of decision. No issue of patent validity or infringement is present here. Furthermore, Petitioner's only interest in the patent in suit is as a distributor of Fanner-made products.

ARGUMENT.

I.

THE JUDGMENTS OF DISMISSAL WITHOUT PREJUDICE ARE SUPPORTED BY BOTH STATUTE AND DECISIONS OF THIS COURT.

A. The District Court had Discretionary Power to Dismiss the Counterclaim Without Prejudice.

Although Petitioner asserts that Rule 41(a)(2) of the Federal Rules of Civil Procedure is involved in this action (Pet., pp. 22-23), the Court of Appeals correctly stated that the answer to whether the trial court could properly dismiss the counterclaim for declaratory relief "does not depend upon Rule 41(a)(2), but rather upon a construction of the Federal Declaratory Judgment Act" (App., p. 10).* By its very terms, that Act (62 Stat. 964, 28 U.S.C. § 2201, quoted at App., pp. 18-19) provides that "in a case of actual controversy within its jurisdiction," a court "*may* declare the rights and other legal relations of any interested party seeking such declaration. . . ." (Emphasis added.) This Court has long recognized

---

*Rule 41(a)(2) provides that where a counterclaim is pleaded the complaint shall not be dismissed "unless the counterclaim can remain pending for independent adjudication." Whether a counterclaim "can remain pending for independent adjudication" depends on whether dismissal of the complaint would destroy federal jurisdiction and thus deprive the court of the power to proceed to an adjudication of the counterclaim. *United States v. Bero Constr. Corp.*, 148 F.Supp. 295 (S.D.N.Y. 1957); *Lucien Lelong, Inc. v. Dana Perfumes, Inc.*, 138 F.Supp. 575 (N.D. Ill. 1955); 5 MOORE, FEDERAL PRACTICE ¶ 41.09, at 1101 (2d ed. 1964). Since Petitioner's counterclaim raised an independent federal question, *i.e.*, patent validity and infringement, the Court of Appeals rightly concluded "that McGraw-Edison's counterclaim could have remained pending for independent adjudication notwithstanding dismissal of the complaint. The dismissal of the complaint without prejudice accordingly was proper under Rule 41(a)(2)" (App., p. 10).

that acceptance of jurisdiction under the above-quoted provision of the Act is a matter for the discretion of the trial court. *Public Affairs Associates, Inc. v. Rickover*, 369 U.S. 111 (1962); *Brillhart v. Excess Ins. Co.*, 316 U.S. 491 (1942). In the latter case, Mr. Justice Frankfurter stated:

> "Although the District Court had jurisdiction of the suit under the Federal Declaratory Judgments Act, it was under no compulsion to exercise that jurisdiction. The petitioner's motion to dismiss the bill was addressed to the discretion of the court. . . ." *Id.* at 494.

B. The District Court Properly Exercised its Discretionary Power in Dismissing the Counterclaim Without Prejudice.

(1) The Pending Litigation in Cleveland was a Compelling Reason for Dismissal of the Counterclaim Because That Action is the Only One That Can Completely Settle the Controversy as to Fanner-Made Products.

The questions of when to exercise jurisdiction, when to hold jurisdiction in abeyance, and when to reject jurisdiction under the Declaratory Judgments Act are to be determined by the trial court. See *Brillhart v. Excess Ins. Co.*, 316 U.S. 491 (1942). In making that determination, the courts have developed and been guided by two tests, well summarized by Professor Borchard as follows:

> "The two principal criteria guiding the policy in favor of rendering declaratory judgments are (1) when the judgment will serve a useful purpose in clarifying and settling the legal relations in issue, and (2) when it will terminate and afford relief from the uncertainty, insecurity, and controversy giving

rise to the proceeding. It follows that when neither of these results can be accomplished, the court should decline to render the declaration prayed." BORCHARD, DECLARATORY JUDGMENTS 299 (2d ed. 1941).

When it appears that an action for declaratory relief "will not finally settle the rights of the parties,"* or that such relief is being sought "merely to try or determine the validity of defenses in pending cases,"** or that the action "would result in piecemeal trials of the various controversies presented . . . without resolving the entire controversy," *** the courts have uniformly held that sound reason compels refusal of the request for declaratory relief. This Court has so held on many occasions. See, *e.g., Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180 (1952).

In conformity with the foregoing rules, the Court of Appeals held that the District Court had sound reason for declining to assume jurisdiction of Petitioner's counterclaim "in light of the pending litigation in Cleveland, Ohio." Both the District Court and the Court of Appeals recognized that a trial of Petitioner's counterclaim would serve no useful purpose, because only the Cleveland Court can determine all issues as to Fanner-made products, *which are the only products involved in either this or the Cleveland case.* The Cleveland Court had already made final determinations (all rights of appeal having been exhausted) with respect to validity of the patent,

---

* *Aetna Casualty & Surety Co. v. Quarles*, 92 F.2d 321, 324 (4th Cir. 1937).

** *American Automobile Ins. Co. v. Freundt*, 103 F.2d 613, 619 (7th Cir. 1939).

*** *Yellow Cab Co. v. City of Chicago*, 186 F.2d 946, 951 (7th Cir. 1951). See also *Hammett v. Warner Bros. Pictures, Inc.*, 176 F.2d 145 (2d Cir. 1949).

infringement by the earlier form of dead end, misuse,* and purge. With regard to Fanner-made products, this left as the only remaining issue whether the modified "Straight-Bight Fanngrip" came within the Cleveland Court's injunction.

If the Cleveland Court finds that the "Straight-Bight Fanngrip" does not violate its injunction, then Respondent will be barred from contesting Petitioner's right to purchase it from Fanner. *Kessler v. Eldred,* 206 U.S. 285 (1907). On the other hand, if the Cleveland Court finds that this product does violate its injunction, Fanner will be prevented from further manufacture and sale of "Straight-Bight Fanngrips," thus eliminating the source of the present controversy. Hence, however the case is decided, the Cleveland Court's decision will put an end to the controversy as to Fanner-made products.

In contrast, the District Court, had it decided to assume jurisdiction of Petitioner's counterclaim, could not have resolved the entire controversy. The reason was, and is, that any determination made by it as to the "Straight-Bight Fanngrip" would not have been binding on Fanner, which clearly would have been entitled to a trial of this issue in the Cleveland Court. Accordingly, the Court of Appeals correctly concluded "that the issue should first be determined in the Ohio court, where any judgment will be binding upon the manufacturer of the product." (App., p. 16).

Petitioner asserts that it "plans" to manufacture dead ends independently if Fanner's defense of the "Straight-

---

* Petitioner is wrong when it states that it "first asserted the stated misuse in its pleading lodged with a motion filed June 10, 1964" (Pet., pp. 15-16). The very same theory of misuse was asserted by Fanner in its unsuccessful motion for rehearing before the Sixth Circuit, filed March 24, 1964, and denied May 7, 1964.

Bight Fanngrip" fails. Respondent agrees that if Petitioner enters the field of manufacturing such dead ends, it could thereafter challenge the dead end patent. But mere inchoate "plans" do not entitle Petitioner to an advisory opinion as to validity and infringement of the dead end patent. The District Court recognized and the Court of Appeals held, in accordance with the principles announced by this Court in *Aetna Life Ins. Co. v. Haworth,* 300 U.S. 227 (1937), that "there is 'no actual controversy' with respect to any dead-ends which McGraw-Edison might plan to manufacture in the future," and hence no justiciable issue upon which relief can be granted (App., p. 16).

(2) There is no Showing That the District Court Abused its Discretion in Dismissing Petitioner's Counterclaim Without Prejudice.

Based on principles enunciated by this Court, it has become well established that the judgment of a trial court whether to assume or decline jurisdiction of a claim for declaratory relief will be reviewed only to consider whether an abuse of discretion appears. Speaking to this rule in *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.,* 342 U.S. 180 (1952), Mr. Justice Frankfurter pointed out that this matter is perforce one as to which the reviewing court ought not substitute its judgment:

> "Wise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation, does not counsel rigid mechanical solution of such problems. The factors relevant to wise administration here are equitable in nature. Necessarily, an ample degree of discretion, appropriate for disciplined and experienced judges, must be left to the lower courts. The conclusion which we are asked to upset derives from an extended and careful

> study of the circumstances of this litigation. Such an estimate has led the Court of Appeals twice to conclude that all interests will be best served by prosecution of the single suit in Illinois. Even if we had more doubts than we do about the analysis made by the Court of Appeals, we would not feel justified in displacing its judgment with ours." *Id.* at 183-84.

See also *Duggins v. Hunt*, 323 F.2d 746 (10th Cir. 1963); *Wheeldin v. Wheeler*, 280 F.2d 293 (9th Cir. 1960).

Permitting the District Court an ample degree of discretion and taking into consideration the pending litigation in the Cleveland Court where all issues as to Fanner-made products can be fully and finally resolved, the Court of Appeals concluded that there was no showing that the District Court had abused its discretion (App., p. 17). Petitioner has made no different showing here.

II.

THE JUDGMENTS OF DISMISSAL WITHOUT PREJUDICE ARE NOT IN CONFLICT WITH THIS COURT'S DECISION IN MECCANO, LTD. V. JOHN WANAMAKER.

Petitioner's arguments that it was deprived of due process of law and that the decisions below are in conflict with decisions of this and other courts (Pet., pp. 16-22), ignore the fact that there was no decision on the merits of the controversy asserted in the counterclaim. Respondent's motion for dismissal of the counterclaim did not seek affirmative relief, and as the Court of Appeals pointed out: "Since its counterclaim for declaratory relief was dismissed *without prejudice*, McGraw-Edison may pursue any appropriate remedy it deems necessary" (App., p. 16). (Emphasis added.) It defies all reason for Petitioner to argue that the effect of such dismissal without

prejudice was "finally to decide McGraw-Edison's rights" (Pet., p. 18).*

The judgments below neither violate the principles announced by, nor are in conflict with, the decisions of the Second Circuit and this Court in *Meccano, Ltd. v. John Wanamaker*, 250 Fed. 250 (2d Cir. 1918), *aff'd*, 253 U.S. 136 (1920). A review of the facts and the nature of the relief sought there will make it abundantly clear that the case at bar does not fall within the ambit of those decisions.

The patent owner, Meccano, sought to enjoin violation of its patent rights in two different circuits. It first obtained a decree in its favor against one Wagner, the manufacturer, in an Ohio District Court. *Meccano, Ltd. v. Wagner*, 234 Fed. 912 (S.D. Ohio 1916). Meccano then commenced an action against John Wanamaker, a customer of the manufacturer, in a New York District Court. There, Meccano requested and was granted an injunction *pendente lite* against further sale by Wanamaker of the infringing product. *Meccano, Ltd. v. John Wanamaker*, 241 Fed. 133 (S.D.N.Y. 1917). Wanamaker appealed the preliminary injunction to the Second Circuit. In the interim, the Sixth Circuit affirmed in part the decision of the Ohio District Court. *Wagner v. Meccano Ltd.*, 246 Fed. 603 (6th Cir. 1917). Meccano then moved in the Second Circuit for a "decision on the merits" and a "final decree" on the basis of the Ohio decrees in its favor against the manufacturer.

Passing the procedural question of whether it could enter a "final decree" for the plaintiff on an appeal concerning only a preliminary injunction, the Second Circuit denied the motion on its merits. The court held that it

---

* Due process does not require that every person who files an action for declaratory relief be granted a trial, because, as just demonstrated, acceptance of jurisdiction is by statute discretionary. See Argument I-A, *supra*.

could not grant such summary and affirmative relief, and in so holding rejected Meccano's contention that the record in the Ohio proceedings constituted "a complete estoppel against the defendant . . . and leaves open no issues for determination between the parties." *Meccano, Ltd. v. John Wanamaker*, 250 Fed. 250, 251 (2d Cir. 1918). This Court affirmed, stating that the Court of Appeals was correct in deciding that it could not finally adjudicate defendant's rights nor "decide the several issues involved upon their merits" upon "*ex parte* affidavits and decrees of other courts." *Meccano, Ltd. v. John Wanamaker*, 253 U.S. 136 (1920).

Petitioner asserts that the judgments of the courts below are in "conflict" with the *Meccano* decisions. In so contending, it equates Respondent's motion to dismiss the counterclaim with Meccano's motion for a "decision on the merits" restraining Wanamaker from further sale of infringing products. There is no analogy. Here, Respondant did not move for a "decision on the merits" in requesting dismissal of the counterclaim, and the District Court ordered dismissal *without prejudice*.

III.

NO ISSUE OF GREAT MOMENT TO THE PUBLIC OR PATENT VALIDITY IS INVOLVED IN THIS CASE.

This Court has held that a writ of certiorari will not issue to review a finding of patent validity in the absence of conflict between decisions of circuit courts of appeal. *General Talking Pictures Corp. v. Western Elec. Co.*, 304 U.S. 175 (1938).

Nevertheless, in certain cases the possession or assertion of patent rights raises "issues of great moment to the public." *Precision Instrument Mfg. Co. v. Automotive*

Maintenance Mach. Co., 324 U.S. 806, 815 (1945) (where the history of the patents and contracts in issue was "steeped in perjury"). Accordingly, this Court has on rare occasions granted certiorari when questions of national patent policy are in issue without a conflict between circuits. This has occurred when the public interest is endangered by the practice of fraud, or the affected industry is concentrated in a single circuit, making a conflict of decisions improbable.* *Mackay Radio & Tel. Co. v. Radio Corp of America*, 306 U.S. 86 (1939) (plaintiff and defendant were the only companies engaged in worldwide public radio communications); *Schriber-Schroth Co. v. Cleveland Trust Co.*, 305 U.S. 47 (1938) (concentration of automobile manufacturers in Sixth Circuit); *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126 (1942) (concentration of ball rolling game manufacturers in Seventh Circuit); *Muncie Gear Works, Inc. v. Outboard Marine & Mfg. Co.*, 315 U.S. 759 (1942) (concentration of outboard motor manufacturers in Seventh Circuit).

In citing the foregoing cases, Petitioner has neglected to point out that in all of them the petitioner was either a manufacturer or holder of the patent in suit, and that the issues presented involved holdings below on validity and infringement. Petitioner in this case has no interest in the patent outside of its interest as a distributor of Fanner-made products, and no patent issues were determined below. The issue raised by the petition involves only the question of whether the District Court properly exercised its discretion in dismissing Petitioner's counterclaim without prejudice. This is plainly not a case where the "validity and infringement of the . . . patent . . .

---

* It is common knowledge in the industry and a widely advertised fact that Respondent has plants in California and Georgia, as well as in Ohio.

[are] in doubt" and "petitioner is the only competitor of respondent in the business. . . ." *Mackay Radio & Tel. Co. v. Radio Corp. of America*, 306 U.S. 86, 89 (1938).

CONCLUSION.

Respondent respectfully submits that this case presents no important question of federal law; that the sole issue raised by the petition is whether the District Court properly exercised its discretion in dismissing the counterclaim without prejudice in deference to the prior Cleveland action; and that the courts below recognized that Petitioner's counterclaim could serve no useful purpose, but was simply calculated to achieve a retrial of the patent issue in California at Fanner's instance.

Respectfully submitted,

RICHARD F. STEVENS,
PATRICK H. HUME,
REGINALD E. CAUGHEY,
Attorneys for Respondent.

Of Counsel:

BAKER, HOSTETLER & PATTERSON,
HUME, GROEN, CLEMENT & HUME,
LYON & LYON.

LIBRARY
SUPREME COURT, U. S.

Office-Supreme Court, U.S.
FILED
OCT 3 1966
JOHN F. DAVIS, CLERK.

IN THE Supreme Court of the United States

October Term, 1966
No. 433

McGRAW-EDISON COMPANY,
Petitioner,

vs.

PREFORMED LINE PRODUCTS COMPANY,
Respondent.

PETITIONER'S REPLY BRIEF.

HERBERT A. HUEBNER,
RICHARD M. WORREL,
HARLAN P. HUEBNER,
610 South Broadway,
Los Angeles, Calif. 90014,
Attorneys for Petitioner.

HUEBNER & WORREL,
610 South Broadway,
Los Angeles, Calif. 90014,

CHARLES A. PRUDELL,
Milwaukee, Wisconsin 53201,
Of Counsel.

Parker & Son, Inc., Law Printers, Los Angeles. Phone MA. 6-9171.

SUBJECT INDEX

	Page
Comment on Respondent's Brief	1
Preformed v. Fanner	2
Preformed v. McGraw-Edison	3
Argument	5
I.	
The District Court had no discretion to refuse to continue jurisdiction over the case presented by the counterclaim which was properly before the court and which was entirely appropriate for declaratory adjudication	5
II.	
The pending litigation in Cleveland cannot support dismissal of the counterclaim	7
III.	
Even under a "single issue" presentation demanded by Respondent, a correct question would demonstrate that the petition should be granted	10
Conclusion	12
Appendix. Second Amended and Supplemental Answer and Counterclaim on Behalf of McGraw-Edison Company	App. p. 1

TABLE OF AUTHORITIES CITED

Cases — Page

Altvater v. Freeman, 319 U.S. 359, 87 L. Ed. 1450, 63 S. Ct. 1115 ..... 8, 9

Brillhart v. Excess Ins. Co., 316 U.S. 491, 86 L. Ed. 1620, 62 S. Ct. 1173 6

Eccles v. Peoples Bank, 333 U.S. 426, 68 S. Ct. 641, 92 L. Ed. 784 ..... 5, 6

Kerotest Mfg. Co. v. C-O-Two Fire Equipment Co., 342 U.S. 180, 72 S. Ct. 219, 96 L. Ed. 200 ..... 5, 7

Maryland Casualty Co. v. Pacific Coal & Oil Co., 312 U.S. 270, 85 L. Ed. 826, 61 S. Ct. 510 5

New York Life Ins. Co. v. Driggs, 72 F. 2d 833 11

O. Z. Evers et al. v. John T. Dwyer et al., 358 U.S. 202, 3 L. Ed. 2d 222, 79 S. Ct. 178 ..... 5, 6

Preformed v. Fanner, 328 F. 2d 265 2

Public Affairs Associates v. Rickover, 369 U.S. , 111, 82 S. Ct. 580, 7 L. Ed 2d 604 ..... 5, 6

Sola Electric Co. v. Jefferson Electric Co., 317 U.S. 173, 87 L. Ed. 165, 63 S. Ct. 172 8

United Motors Service, Inc. v. Tropic Aire, Inc., 57 F. 2d 479 11

Statutes

Act of June 14, 1934, 48 Statutes at Large, p. 955 16

Clayton Act, Sec. 3 2

United States Code, Title 28, Sec. 400 11

Textbooks

Borchard, Declaratory Judgments (2d Ed., 1941), p. 314 5

Borchard, Declaratory Judgments, pp. 812-814 11

26 Corpus Juris Secundum, p. 91 7

IN THE

Supreme Court of the United States

October Term, 1966
No. 433

McGRAW-EDISON COMPANY,

Petitioner,

vs.

PREFORMED LINE PRODUCTS COMPANY,

Respondent.

PETITIONER'S REPLY BRIEF.

Comment on Respondent's Brief.

Respondent's proffered restriction and restatement of the questions presented to a single "issue" is unwarranted and misleading.

Says Respondent, the *only* issue presented by the petition is

> "Whether the Court of Appeals erred in holding that the District Court properly exercised its discretion under the Declaratory Judgment Act in dismissing without prejudice Petitioner's counterclaim 'in light of the pending litigation in Cleveland, Ohio,' *when all of the controversies raised in the counterclaim have either been determined by or are now before the Cleveland Court.*"[1] (Emphasis added.)

Passing for the moment the fact that the parties are not the same, and that McGraw-Edison is not, and

[1]Resp. Br. pp. 1-2.

will not, be bound by the Cleveland litigation, we will outline the respective controversies.

Preformed v. Fanner.

The controversies relevant to the argument here which were decided in *Preformed v. Fanner* (the Cleveland, Ohio case), Civil Action No. 33,196, 328 F. 2d 265 (Feb. 19, 1964) were:

1. Article claims 1, 3, 5 and 8-14, and method claims 6 and 15 of Patent No. 2,761,273:

   (a) Were valid over the prior art there before the court when construed to cover a half lay of helical elements bent back upon itself to form a bight portion. (328 F. 2d 265, at 273.)

   (b) The helical bight form of Fanner dead end infringed said claims. (328 F. 2d 265, at 273.)

2. Preformed had misused Patent No. 2,761,273 and violated Section 3 of the Clayton Act:

   (a) By a general policy of refusing to sell to distributors or dealers unless they agreed to sell Preformed's products exclusively. (328 F. 2d 265, at 274.)

   (b) By restricting competition in unpatented armor rods by tying the purchase of such devices to the purchase of the patented dead ends. (328 F. 2d 265, at 275.)

3. Preformed became purged of any misuse of Patent No. 2,761,273 on August 1, 1961, and the patent was enforceable henceforth. (328 F. 2d 265, at 279.)

The controversies relevant to the argument here which are now pending in said (Cleveland, Ohio case) Civil Action No. 33,196,[2] which have not been determined are:

---

[2]The pleadings in *Textron, Inc. v. Preformed*, C.A. C-64-671, were not before the District Court in California and are not in the

1. Whether Textron, Inc. (successor of Fanner) has infringed said patent by the manufacture and sale of the Straight Bight Fanngrips.

2. Whether Textron, Inc. is guilty of contempt by paying some of the expenses incurred by McGraw-Edison Company pursuant to Textron's statutory obligation under the Commercial Code of Ohio.

Preformed v. McGraw-Edison,

Issues tendered (and undecided by reason of dismissal without trial) by McGraw-Edison's counterclaim [R. p. 136][3]:

1. Whether said Patent No. 2,761,273, as to *all* claims (not limited to those adjudicated in the Cleveland litigation) is invalid, and whether McGraw-Edison has infringed any claims by selling dead ends purchased from Textron—

(a) The original structures with helical bights.

(b) The new structures identified as Straight Bight Fanngrips.

2. Whether McGraw-Edison, if its source is cut off, can lawfully manufacture or have manufactured for it, *the straight bight* dead end. (Pet. p. 13.)

3. Whether Preformed, the largest manufacturer and seller of helically preformed reinforcements and attachments for use on electric cables, and the dominant company in this field, has violated the Clayton Act by:

---

record here. However, irrespective of any possible overlapping of issues, McGraw-Edison is not a party.

[3]For convenient reference, this pleading is reproduced in the Appendix hereto, p. 1.

(a) engaging in the practice of selling dead ends allegedly protected by Patent No. 2,761,273, conditioned on the purchase by the buyer of other helical products not within the protection of this patent or any other patent.

(b) engaging in a general policy of refusing to sell its products including dead ends to distributors or dealers unless they agree to sell Preformed's products exclusively.

2. Whether Preformed has misused Patent No. 2,761,273 by engaging in the practice of selling unpatented components which can be used when forming dead ends allegedly protected by said patent, and granting an implied license to the purchasers of such components to employ them in completing the patented devices, treating as infringers of said patent those who form dead ends of similar components acquired elsewhere.

5. Whether Preformed is guilty of misuse of said Patent No. 2,761,273 by seeking to enforce it against McGraw-Edison on an untenable theory of contributory infringement.

The foregoing issues to be tried encompass acts over a time period from the inception of the controversy to the filing date of the McGraw-Edison counterclaim, October 2, 1964 [R. 146], and continuing thereafter.

The controversies between Preformed and McGraw-Edison will not be settled by the decision in the litigation now pending in Cleveland regardless of how the Court there decides the issue of infringement involving the Straight Bight Fanngrips.

ARGUMENT.

I.

The District Court Had No Discretion to Refuse to Continue Jurisdiction Over the Case Presented by the Counterclaim Which Was Properly Before the Court and Which Was Entirely Appropriate for Declaratory Adjudication.

This rule is axiomatic,[4] and consonant with the decisions of this Court to the effect that while the acceptance of jurisdiction under the Declaratory Judgments Act is discretionary, the discretion is a judicial one, to be soundly exercised, in the public interest, and is subject to review.

Eccles v. Peoples Bank, 333 U.S. 426, 68 S. Ct. 641, 92 L. Ed. 784;

Public Affairs Associates v. Rickover, 369 U.S. 111, 82 S. Ct. 580, 7 L. Ed. 2d 604;

O. Z. Evers et al. v. John T. Dwyer et al., 358 U.S. 202, 3 L. Ed. 2d 222, 79 S. Ct. 178, following *Maryland Casualty Co. v. Pacific Coal & Oil Co.,* 312 U.S. 270, 85 L. Ed. 826, 61 S. Ct. 510;

Kerotest Mfg. Co. v. C-O-Two Fire Equipment Co., 342 U.S. 180, 72 S. Ct. 219, 96 L. Ed. 200.

"Where an actual controversy with federal jurisdiction exists over the legal relations of adverse parties, discretion usually cannot properly be exercised by refusing an adjudication. Meredith v. Winter Haven, 320 U.S. 228, 88 L. Ed. 9, 64 S.

---

[4]See Borchard, Declaratory Judgments, Second Ed., 1941, p. 314.